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Chairman: Mr. Sial (Vice-Chairman) ..... (Pakistan)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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In the absence of Ms. Wensley (Australia), Mr. Sial (Pakistan), Vice-Chairman, took the Chair.

The meeting was called to order at 10 a.m.

Agenda item 119: Programme budget for the biennium 1998-1999 (*continued*)

Agenda item 121: Proposed programme budget for the biennium 2000-2001 (*continued*)

Administrative expenses of the United Nations Joint Staff Pension Fund (A/54/7/Add.1 and A/54/206; A/C.5/54/22)

1. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report on the administrative expenses of the United Nations Joint Staff Pension Fund (A/54/7/Add.1), said that the revised estimates for expenses chargeable to the Fund for the biennium 1998-1999 amounted to $57.5 million, reflecting an increase of $3.2 million for investment costs. The Advisory Committee shared the concerns of the Standing Committee of the United Nations Joint Staff Pension Board about the increase in investment costs and the presentation of those costs in the budget proposals. However, it should be borne in mind that the responsibility for the investment of the Fund's assets was vested in the Secretary-General, who was advised by the Investments Committee. In that connection, representatives of the Secretary-General had informed the Advisory Committee that discussions were under way on possible new arrangements for estimating investment fees. The Advisory Committee recommended that, pending the outcome of those discussions, no action should be taken to determine the level of investment costs for the biennium 2000-2001. It agreed with the Standing Committee that any savings should result in a reduction under the corresponding budget line. It also recommended that any proposed solution should take into account past experience and an analysis of future trends.

2. The budget estimate for the Fund for the biennium 2000-2001 was set at $62.3 million, including $18.5 million for administrative costs and $42.9 million for investment costs. The Advisory Committee welcomed the intention of the Committee on Actuaries to monitor the actual progression of administrative costs over several years before determining the method and factors to be taken into account in subsequent valuations of the Fund.

3. With respect to the staffing proposals of the Chief Executive Officer of the Fund, the Standing Committee had recommended acceptance of the conversion of seven general temporary assistance-funded posts to established posts and the approval of four out of the six new posts requested, but in the form of general temporary assistance-funded posts. The Advisory Committee was of the view that a decision to establish the four posts on a permanent basis and to authorize the two additional posts requested should be taken after the implementation of the recommendation of the Standing Committee summarized in paragraph 14 of the Advisory Committee's report.

4. Paragraphs 15 and 16 of the report dealt with the Fund's Geneva office and the services provided by the International Computing Centre. With respect to the provision of space for the Fund's offices in the Secretariat building, the Advisory Committee, in paragraph 18 of its report, called for innovative thinking with a view to determining the best long-term solution. In paragraphs 19 and 20, the Advisory Committee expressed the view that the delegation of authority to the Chief Executive Officer of the Fund should be based on the need to recognize the special status of the Chief Executive Officer vis-à-vis the Secretariat of the United Nations and those of member organizations of the Fund. Lastly, in paragraph 21, the Advisory Committee cautioned against hasty decisions to outsource to the secretariat of the Fund services currently performed by local pension secretariats.

5. **Ms. Johnston** (Chairman of the Standing Committee of the United Nations Joint Staff Pension Board), introducing the report of the Standing Committee report (A/54/206), said that general information on the Fund and its budgetary arrangements was contained in paragraphs 1 to 15 of the report. A few figures sufficed to give a picture of the growth in the size of the operations of the Fund: there were currently 19 member organizations and more than 112,500 active participants and beneficiaries. The market value of the assets of the Fund, which had stood at $22.9 billion as at 30 June 1999, had reached a record level of $24 billion on 10 November 1999, and benefit payouts amounted to $1.1 billion per annum.

6. The breakdown of the administrative expenses of the Fund was contained in paragraph 7 of the report. For each component, summary tables indicated the post requirements and other resources necessary for the various programmes and activities. Paragraphs 9 to 15 described the expenses charged to the budgets of the United Nations and the Fund respectively. The revised budget estimates for the biennium 1998-1999, which were set out in paragraphs 16 to 33 and annex II of the report, amounted to $57,514,000. This represented an increase, compared with the estimates approved in 1998, of $3,282,800, relating solely to investment costs and, in particular, to advisory and custodial fees. The appropriations for the biennium 1998-1999 had been based on a projected portfolio value that had proved to be significantly lower than the values actually reached. Paragraphs 34 to 66 contained a summary of the studies undertaken concerning the administrative arrangements between the Fund and the United Nations and with the other member organizations, which had impacted on the budget proposals submitted by the Chief Executive Officer of the Fund for the biennium 2000-2001.

7. The budget proposals for the biennium 2000-2001 were summarized in paragraphs 67 to 69. Paragraphs 70 to 76 reflected the debate that had taken place among the Standing Committee's three constituent groups, in particular with regard to the resources requested for the establishment of six new posts and the reclassification of four existing posts, as well as the level of advisory and custodial fees under investment costs. The conclusions of the working group established to facilitate reaching agreement by consensus were set out in paragraph 77 of the report. The Standing Committee had decided not to approve the reclassification of the P-4 post, resulting in a reduction of $23,800. Accordingly, the proposed administrative expenses for the biennium 2000-2001 would amount to $62,301,100. The report of the Standing Committee also contained a detailed presentation (paras. 80 to 170) and a summary table (annex III) of the proposed budget for the biennium 2000-2001, as well as the organizational chart of the Fund (annex IV).

8. She noted with satisfaction the observations and recommendations of ACABQ and its requests with respect to future budget proposals, which the secretariat of the Fund and the Board would follow up. In conclusion, she expressed the hope that the Fifth Committee would approve the recommendation made by ACABQ in paragraph 24 of its report.

9. **Mr. Odaga-Jalomayo** (Uganda) noted the high quality of the report of the Standing Committee and the work of the Fund and the Investments Committee. He took note of the observations of ACABQ, in particular those contained in paragraphs 14 to 19 of its report, which the Chief Executive Officer of the Fund would surely take into account in establishing future budget proposals. His delegation supported the recommendation made by ACABQ in paragraph 24 of its report.

10. **Ms. Shearouse** (United States of America) emphasized that the work of the Fund had grown considerably because of the scale of its operations and the size of the portfolio. Her delegation supported the request by ACABQ that administrative expenses should be monitored very closely and, in particular, it called for advisory and custodial fees to be kept in check by negotiating with a view to obtaining better conditions for the Fund. Like ACABQ, it considered that the resources approved for fees could only be used for that purpose and that any reduction in those fees should result in a reduction in the corresponding budget line. It would be desirable to have detailed information concerning the impact on the Organization's regular budget of the various recommendations put forward.

11. **Ms. Johnston** (Chairman of the Standing Committee of the United Nations Joint Staff Pension Board) said that that information would be provided in informal consultations.

12. **The Chairman** said that, if there were no further comments, he would take it that the Committee had completed its general discussion on the administrative expenses of the United Nations Joint Staff Pension Fund and decided to refer the item to informal consultations.

13. *It was so decided.*

The meeting rose at 10.30 a.m.